

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Bad Debt Collections

NUMBER: 5:21

The following system collection procedure shall be used for student, employee, and customer receivables including, but not limited to, tuition and fees, institutional student loans, traffic fines, library fines, daycare, housing fines, student health and other student charges of whatever kind or character; except that student obligations arising from participation in federal student financial aid programs shall be collected in the manner specified under federal regulation.

- A. An account shall become delinquent 45 days after the established due date. The debtor shall be informed that if the account is not satisfied in full or appropriate arrangements made by the due date, the account shall be handled as follows:
 - 1. All student accounts shall have a HOLD placed on them as soon as they become delinquent, which may stop a student from registering, adding or dropping classes, or getting a grade transcript from the institution. The HOLD shall not be removed until the account is satisfied in full.
 - 2. For all commercial or vendor accounts that become delinquent, the university shall discontinue their services until accounts are paid in full.
- B. Collection of student, commercial or vendor accounts shall proceed according to the following schedule:
 - 1. Accounts of \$50.00 or less:
 - a. Accounts that are \$50.00 or less shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing. Debtors shall be responsible for all collection fees incurred where permitted under law.
 - b. When in-house collection efforts are exhausted, the account may be referred to the vendor approved by the Bureau of Administration for collection.
 - c. When collection efforts are exhausted and the account is at least two years delinquent, the account will be submitted to the Board of Finance to be written off in accordance with procedures established by the Board of Finance.

- d. The HOLD may remain on a debtor's record even after the account is approved for write-off, which may stop the debtor from receiving services from the institution in the future.
2. Accounts that are more than \$50.00:
- a. Accounts that are more than \$50.00 shall be handled using in-house collection procedures, which shall consist of a minimum of three contacts to the debtor, with at least two of them being in writing, one by registered mail. The collection process on accounts more than \$50.00 shall be completed within 120 days from the date the account became delinquent.
 - b. When in-house collection efforts are exhausted the account shall be referred to the vendor approved by the Bureau of Administration for collection.
 - c. When collection efforts are exhausted and the account is at least two years delinquent, the account will be submitted to the Board of Finance for write-off in accordance with procedures established by the Board of Finance.
 - d. The HOLD shall remain on a debtor's record even after the account is - written-off, which shall stop the debtor from receiving services from the institution until the debt is satisfied.
- C. Employee debts to their institutions may be satisfied through voluntary or involuntary deductions from salary, or they may be referred to a collection agency.
- a. Employees shall be billed for debts to their employers in the same manner as others who owe monies to the employing institution.
 - b. Where employees fail to respond to demands for payment, an institution may refer the matter to the vendor approved by the Bureau of Administration for collection, or it may:
 - i. Notify the debtor-employee that his or her monthly salary shall be reduced to cover the amount owing plus interest beginning with the salary earned during the month following that in which the notice is sent.
 - (a) The notice sent to debtor-employees shall fix a time for an informal meeting between the institution's chief financial officer or that person's designee and the employee to discuss the debt and its resolution.
 - (i) The meeting shall be scheduled no later than ten working days prior to the date of the first deduction.

- (b) If the debtor-employee contacts the institution in response to such notice, the institution may work out mutually acceptable terms for the use of salary deductions to repay all sums owing.
 - (c) If the debtor-employee fails to respond to the notice, or if no mutually acceptable agreement is reached, the institution may recoup its claim from the debtor-employee's salary beginning with the installment payable for services provided during the month following that in which the notice was sent.
 - (d) Deduction from salary may be in such amounts needed to satisfy the debtor-employee's obligations to the institution; provided
 - (i) That the deductions from salary shall comply with the priorities and limitations on deductions from wages established by SDCL chapter 21-18.
- ii. Debtor-employees may challenge such deductions under grievance procedures established in Board policy or, where pertinent, collective bargaining agreements.
 - (a) If an employee succeeds in showing the deduction to have been improper, the institution shall make a lump sum payment of the amount deducted, plus interest from the time of the deduction.
- B. Institutions may assess interest on delinquent accounts at the category F specified in SDCL 54-3-16.

SOURCE: BOR, December 1995; BOR, May 1996; BOR, June 2001; BOR, May 2003; BOR, March 2006.